

PERSI Total Return Fund

Public Employee Retirement System of

Fund Objective

The purpose of the investment of fund assets is to provide funds to meet the obligations of PERSI while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the fund so as to meet the projected obligations of the System, and will reduce risk through diversification of the assets of the fund.

Investment Focus

A diversified portfolio with a mix of active and passive management, fixed income and equities, real estate and private equity, and an array of management styles.

Quick Facts

Assets
\$7.6 Billion

Ticker Symbol
N/A (not publicly traded)

Inception
July 1, 1965



The Public Employee Retirement System of Idaho (PERSI) manages over 7.6 billion dollars¹ in assets, providing retirement and disability benefits for over 100,000 members and beneficiaries. Collectively, the assets of the system constitute the PERSI Total Return Fund. The PERSI fund has been unitized, making it possible for members to invest in the fund as participants in the PERSI Choice Plan. In fact, the PERSI Total Return Fund is the default option for the PERSI Choice Plan, meaning that any contributions made to a participant's Choice Plan will be invested in the PERSI Total Return Fund unless the participant has affirmatively elected other investment alternatives. This document is intended as a summary description of the PERSI Total Return Fund. More detailed information is available in PERSI's latest Annual Financial Report.²

Daily Unit Value

The value of the PERSI Total Return Fund is determined each business day by the custodian using procedures approved by PERSI.³ This value is divided by the number of units or shares to determine a daily unit value, similar to the process used by mutual funds. If a material misstatement of a unit value occurs, the unit price will be restated and appropriate adjustments will be made to participant accounts. Some of the assets in the PERSI Total Return Fund are not revalued on a daily basis because the change in their value is generally determined on a periodic basis using industry-accepted standards such as, for example, real estate appraisals. These include private real estate holdings and private equity investments. Because these types of holdings represent a small portion of the PERSI Total Return Fund, the value of these assets are included in the daily unit value based on the latest available valuation, usually quarterly. More detailed information about PERSI's real estate and private equity holdings is available in PERSI's latest Annual Financial Report.

Asset Allocation and Management

PERSI is governed by the Retirement Board⁴ consisting of five (5) members appointed by the Governor. With the assistance of a Chief Investment Officer⁵ appointed by the Board, and other outside consultants selected by or under the supervision of the board, the board determines how the assets of the fund should be allocated among various asset classes, and selects investment managers. More detail on these processes is available in the Board's Statement of Investment Policy.⁶

Virtually all of the fund's assets are managed by outside managers, all experienced in their particular asset class. The table below lists current managers by asset type.

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Top Sector US Equity Holdings

Financial Services	25.6%
Health Care	12.2%
Consumer	12.9%
Technology	10.3%
Utilities	7.7%
Consumer Staples	7.3%
Materials & Processing	5.4%

Top Stock Holdings

General Electric
Pfizer
American International Group
Wal Mart
Microsoft
Citigroup
Exxon Mobil
Wells Fargo
Chelsea Property Group
Glaxo Smith Kline

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¹ All data as of June 30, 2004.

² Copies of PERSI's latest Annual Financial Report are available at no cost from PERSI, or may be accessed on PERSI's website: www.persi.state.id.us.

³ Copies of these procedures are available at no cost from PERSI, or may be accessed on PERSI's website: www.persi.state.id.us.

⁴ Members of the Retirement Board are: Jody B. Olson, Chairman; Clifford T. Hayes; Dennis L. Johnson; J. Kirk Sullivan; and Pamela I. Ahrens.

⁵ PERSI's Chief Investment Officer is Robert M. Maynard.

⁶ The Board's Statement of Investment Policy is included in the Annual Financial Report.

U.S. Equity

Large/All Cap
Mellon S&P500
Tukman
Peregrine

Small Cap
Mellon Midcap
Mellon R2000
Mtn. Pacific
TCW Dom
Donald Smith

Fixed Income

Passive
State Street G/C
TIPS

Global
Barings

Mortgage
Idaho Mortgages
D.B.F. MBS
Clearwater

International

Developed
Mondrian
Rowe Price
SGAM
Mellon EAFE

Emerging Markets
Genesis
Bernstein

Currency Hedge
Pareto Partners

Other Equity

Real Estate
Adelante
(Public REITs)
Prudential
Private
Private Equity
Individual
Limited
Partnerships

Global

Barings
Cap Guardian
Bernstein
Zesiger
Brandes

The table below shows both actual and target allocations.

Asset Class	Strategic Normal	Strategic Ranges	Allocation Year Ended June 30, 2003
U.S. Equity	54%	44% - 57%	55.6%
International Equity	15%	12% - 25%	15.4%
Total Equities	69%	66% - 75%	71.0%
Fixed Income	30%	27% - 33%	28.8%
Cash	1%	0% - 5%	0.2%

More detailed information concerning allocations and managers is available in PERSI's latest Annual Financial Report.

Historical Returns

